

176

Days Until
Aug 1, 2015

With one of the most sweeping regulatory changes for credit unions in decades less than three months away, MWCUA is dedicated to helping you prepare. Each week we will present a topic, question, or idea taking you one step closer to successful implementation.

Is your plan on schedule, if not has the deviation from schedule been approved by appropriate oversight management?

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

February 6, 2015

Compliance News

Regulators Release Guidance on Private Student Loans

Last week, NCUA, along with the other federal financial regulatory agencies, issued [guidance](#) for financial institutions on private student loans with graduated repayment terms at origination. The guidance provides principles that financial institutions should consider in their policies and procedures for originating private student loans with graduated repayment terms. Graduated repayment terms are structured to provide for lower initial monthly payments that gradually increase. Financial institutions should consider the following principles in their policies and procedures for underwriting private student loans with graduated repayment terms at origination:

- Ensure orderly repayment;
- Avoid payment shock;
- Align payment terms with a borrower's income;
- Provide borrowers with clear disclosures;
- Comply with all applicable federal and state consumer laws and regulations and reporting standards; and
- Contact borrowers before reset dates.

Source: CUNA

NCUA TILA-RESPA Integrated Disclosures Rules Webinar

The NCUA will host a free [webinar](#), "Preparing for the New TILA-RESPA Integrated Disclosures," on February 11, 2015, starting at 2pm ET. The webinar will provide a high-level overview of the significant changes to the disclosures and forms required under TILA-RESPA that are scheduled to go into effect August 1. [Online registration](#) is available.

NCUA Underserved Market Webinar

Credit unions can learn more about the potential opportunities found in the unbanked and underbanked markets during NCUA's webinar, "Opportunities in the Underserved Market" on Feb. 18, beginning at 2 p.m. Eastern.

Vanessa Lowe, an Economic Development Specialist with NCUA's Office of Small Credit Union Initiatives, will be joined by Miriam De Dios, CEO of Coopera, a consulting firm specializing in marketing to Hispanics, and Suzy Fonseca, President

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and CEO of Lower Valley Credit Union. During this 90 minute webinar, the presenters will focus on:

- What credit union products and services appeal to the underserved market, and their revenue potential; and
- What credit unions already have in place to successfully embrace the unbanked and under-banked markets.

Webinar participants will also have the opportunity to learn more about Lower Valley Credit Union's outreach efforts to the underserved market in their community.

Online registration is available [here](#). Participants will also use this link to log into the webinar. Registrants should allow pop-ups from this website.

NCUA Fair Lending Webinar

The NCUA will host a free webinar, "[Fair Lending and HMDA Compliance](#)," on February 20, 2015, beginning at 2pm ET. Representatives of the NCUA Office of Consumer Protection will provide an overview of the agency's fair lending examination program. They will also outline best practices that can help credit unions of all asset sizes better comply with fair lending requirements. In addition, webinar participants will have the opportunity to learn more about reporting requirements under the Home Mortgage Disclosure Act (HMDA), as well as the most common reporting errors made by credit unions.

Town Hall Webinar - NCUA Board Chair Matz and CFPB Director Cordray

Registration is still open for a town hall webinar with National Credit Union Administration Board Chairman Debbie Matz and her guest, Richard Cordray, Director of the Consumer Financial Protection Bureau.

The webinar is scheduled for **Tuesday, Feb. 10**, beginning at **3 p.m. Eastern**. Online registration for the no-cost webinar is available [here](#). Participants will use this same link to log into the webinar, and they should allow pop-ups from this website.

"This webinar, the fourth one we've had with Director Cordray, will give credit union leaders and compliance officials an opportunity to talk directly with regulators and get answers to important questions," Matz said. "I encourage anyone interested in consumer and credit union regulations to join us."

During the webinar, participants will be able to submit questions and receive answers about topics related to the credit union system or CFPB's work. Participants can submit advance questions at WebinarQuestions@ncua.gov. The subject line of the email should read, "NCUA-CFPB Town Hall."

Source: NCUA

FDIC Letter Addresses 'Choke Point' Issues

In a move that *American Banker* said was being hailed as the beginning of the end for Operation Choke Point, the Federal Deposit Insurance Corp. (FDIC) issued a [Financial Institution Letter](#) meant to encourage institutions under its supervision "to serve their communities" and to assess risk of individual customer relationships rather than take a wholesale approach of declining to provide banking services to entire categories of customers.

In a release, the agency notes that it has reinforced its policies on managing customer relationships to FDIC examiners and other supervisory staff.

The Credit Union National Association is seeking similar guidance from the National Credit Union Administration for credit unions and for NCUA examiners.

The FDIC letter also says that a financial institution should assess its own ability to manage any customer risk. In a release, the agency notes that financial institutions that "properly manage customer relationships and effectively mitigate risks are neither prohibited nor discouraged from providing services to any category of customer accounts or individual customers operating in compliance with applicable

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Student Loans

In 2010, Regulation Z was amended to implement the provisions of the Higher Education Opportunity Act (HEOA) which was passed on August 14, 2008 (Subpart F). Title X of HEOA amends Regulation Z by adding disclosures and timing requirements that apply to creditors making private education – or private student – loans (PSLs), which are defined as closed-end loans made expressly for post-secondary education expenses. The rule also added limitations on certain practices by creditors, including limitations on "co-branding" their products with educational institutions in the marketing of private student loans.

In December 2013 the NCUA issued Letter to Credit Unions 13-CU-15 to clarify their expectations about direct and indirect private student loan products. The NCUA Letter to Credit Unions outlines guidance for the NCUA field staff on examination processes and expectations that credit unions meet certain risk-management expectations with regard to Private Student Loans.

How do the private student loan rules under Regulation Z affect credit unions?

As part of the Health Care and Education Reconciliation Act of 2010, the Federal Family Education Loan Program (FFELP) was eliminated. As a result, lenders were no longer permitted to originate federal student loans. Credit unions and other lenders offering student loan programs now must originate private student loans. The health care legislation has no impact on private student loans, but credit unions offering private student loans must follow the requirements of Regulation Z.

Regulation Z Subpart F contains the rules relating to all extensions of credit that meet the definition of a private student loan. Credit unions may comply with Subpart F for certain extensions of credit (subject to 1026.17 and 1026.18) that are related to financing an education (i.e., credit extended to consumers for expenses incurred after graduation from a law, medical, dental, veterinary or other graduate school and related to relocation, study for a bar or other examination, participation in an internship or

laws."

"The FDIC is aware that some institutions may be hesitant to provide certain types of banking services due to concerns that they will be unable to comply with the associated requirements of the Bank Secrecy Act," the FDIC says. The agency also states that FDIC examiners must provide notice in writing for any case in which an institution is directed to exit a customer relationship.

Source: CUNA News Now

Advocacy Highlights

CFPB Proposes to Expand "Small Creditor" and "Rural" Definitions in Mortgage Rules

Last week, the Consumer Financial Protection Bureau (CFPB) [proposed](#) several changes to its Ability to Repay, Home Ownership and Equity Protection Act, and Escrow mortgage rules. If finalized, the CFPB says these changes will increase the number of financial institutions able to offer certain types of mortgages in rural and underserved areas, and help small creditors adjust their business practices to comply with the new rules. Specifically, the proposed amendments would:

- **Expand the definition of "small creditor":** The loan origination limit for small creditor status would be raised from 500 first lien mortgage loans to 2,000 and would exclude loans held in portfolio by lenders and their affiliates.
- **Include mortgage affiliates in calculating the small creditor status:** The \$2 billion asset threshold would not change. However, assets of a creditor's mortgage originating affiliates would be included in calculating whether a creditor is under the limit.
- **Expand the definition of "rural" areas:** In addition to counties considered to be rural under the current mortgage rules, the proposal would expand this definition to include census blocks that are not in an urban area as defined by the Census Bureau.
- **Provide grace periods for small creditor and rural or underserved creditor status:** Creditors that exceed the origination limit or asset size limit in the preceding calendar year would be allowed to operate, in certain circumstances, as a small creditor with respect to mortgage transactions with applications received prior to April 1 of the current calendar year. A similar grace period would be created for creditors that no longer operate predominantly in rural or underserved areas during the preceding calendar year.
- **Create a one-year qualifying period for rural or underserved creditor status:** The proposal would adjust the time period used to determine whether a creditor is operating predominantly in rural or underserved areas, from any of the three preceding calendar years to only the preceding calendar year.
- **Provide additional implementation time for small creditors:** Under current rules, small creditors are able to make balloon payment Qualified Mortgages and balloon payment High Cost mortgages regardless of where they operate until January 10, 2016. The proposal would extend that period to include balloon payment mortgage transactions with applications received before April 1, 2016.

The proposed rule will be open for public comment until March 30, 2015. You may submit comments by any of the following methods:

- Email: *Federal Register*: Comments@cfpb.gov. Include CFPB-2015-0004 AND/OR RIN 3170-AA43 in the subject line of the message.
- Mail: Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1700 G Street, NW, Washington, DC 20552.

Source: CUNA



[Training & Events Calendar](#)

residency program or similar purpose).



This week's [Regulatory Advocacy Report](#) will bring you up to speed on the following issues:

- CUNA Seeks Clarification from NCUA on IOLTAs
- CUNA Requests Input on NCUA's EGRPRA Review
- CFPB Proposes to Expand "Small Creditor" and "Rural" Definitions in Mortgage Rules
- CUNA Urges NACHA to Consider Regulatory Impact on Credit Unions as it Proceeds with Same Day ACH Rule
- FHFA Hearing Explores FHLB Membership Eligibility Concerns
- CUNA Continues Review of Fed's Payment System Improvement Paper
- Regulators Release Guidance on Private Student Loans

Be sure to visit CUNA's [Risk-Based Capital blog](#)



Compliance Calendar

January 31

- Credit Card Quarterly Agreement Submission Due to CFPB (10,000 or more open credit card accounts)

February 16

- Washington's Birthday/President's Day - Federal Holiday

March 3

- Permissible Derivatives - Effective Date

March 8

- Daylight Savings Time Begins

March 30

- NACHA Operating Rules Changes

April 24

- 5300 Call Report Due to NCUA

April 30

- Credit Card Quarterly Agreement Submission Due to CFPB (10,000 or more open credit card accounts)

CUNA Comment Calls – Due Dates on Proposed Rules

January 23, 2015~NACHA

[Same Day ACH Proposal](#)

February 23, 2015~CFPB

[Safe Student Account Scorecard](#)

March 1, 2015~NCUA

[Economic Growth and Regulatory Paperwork Reduction ACT \(EGRPRA\) Regulatory Review](#)

February 11

Webinar: [Account Opening Due Diligence](#)

February 12

[Compliance Networking Council – Denver, Rock Springs, Tucson](#)

February 18

Webinar: [New BSA Officer Training](#)

February 19

Webinar: [Compliance Rules Lenders Must Know](#)

February 24

Webinar: [FFIEC Guidelines & Recent Developments in Cyber Security Risk Management](#)

February 25

Webinar: [Top 10 Compliance Mistakes in Advertising](#)

March 12

Webinar: [Enterprise Risk Management – The Roles of the Board and Supervisory Committee](#)

March 25

Webinar: [TILA/RESPA Integrated Disclosure Line-by-Line – Part 1: Loan Estimate](#)

March 26 – 28

Mountain West 2015 Annual Meeting & Convention - Phoenix:
www.mwcu.com/am

April 15

Webinar: [CFPB Real Estate Loan Collection Rules for Mortgage Servicers](#)

April 22

Webinar: [TILA/RESPA Integrated Disclosure Line-by-Line – Part 2: Closing Disclosure](#)

March 8, 2015~NCUA

[Risk Based Capital Proposal \(RBC2\)](#)

March 9, 2015~CFPB

[Prepaid Accounts](#)

**Effective Dates
New and Revised Rules****August 1, 2015~CFPB**

[TILA-RESPA Integrated Disclosure Rule](#)

December 31, 2015~IRS

["Foreign Account Tax Compliance Act" \(FATCA\)
Rule](#)

CUNA Schools and Webinars**February 17**

Webinar: [Expiring ITINs and Form W-8BEN](#)

February 19

Webinar: [Payments Systems Fraud for Compliance Staff](#)

March 11

Webinar: [Recognizing Financial Elder Abuse for the Frontline](#)

April 12 - 17

[Regulatory Compliance School – Las Vegas](#)

Please respond to [Mark Robey](#) with any questions or concerns regarding content of this newsletter.

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